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APRIL 1, 2010

The Honorable Mignon Clyburn
Commissioner
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Dear Commissioner Clyburn:

Thank you for taking the time to meet recently with my constituent Mr. Joe Stroud, a small business person who has had a broadcast presence in Chicago for over 20 years, and myself to discuss issues relating to opportunities and challenges affecting small businesses, specifically those relating to the \$28.1 billion Verizon Wireless/Alltel merger of which the FCC has oversight.

As we discussed, this merger was conditioned upon the divestiture of approximately \$3 billion worth of overlapping properties as required by the FCC and DOJ. The rare public identification of these properties for acquisition on the open market could and should have provided a unique opportunity for small independent interests to own assets in an industry that traditionally is not open to such bidders. However, after a bidding process that began in November 2008 and concluded in August 2009, which appear to have been fraught with irregularities and conflicts-of-interest, Verizon, in consultation with their broker Morgan Stanley, announced it intended to sell approximately \$2.35 billion worth of valuable assets to its chief competitor, AT&T (with whom Verizon controls 60% of the wireless industry in America), and \$200 million to Atlantic Tele-Network, Inc. (ATN), a company with no experience in retail-focused mobile networks in the American telecommunications industry and a history of inconsistent and ineffective retail operations in foreign countries (according to FCC filings and public documents). The award of these assets to ATN is further tainted by the fact that Verizon's broker, Morgan Stanley, who was tasked with unbiasedly overseeing the bidding process, held a financial interest in ATN which it increased substantially during the bid review process. On June 10, 2009, the day after ATN announced it was chosen as the second winning bidder, ATN's stock increased by 41.1%, for all shareholders, including Morgan Stanley (according to public records). Indeed ATN was awarded the winning bid to the exclusion of an independent small business bid that was substantially larger. The cumulative effect of these irregularities warrant FCC review to ensure that the Agency's public interest mandate is sound and that those who

engage in activities as a result of federal agency directives will experience a fair and unbiased process that is worthy of the standards associated with our Federal government and its agencies.


By opening ownership to small businesses and bringing new ideas and diverse resources to the marketplace, Verizon could have offered a tremendous opportunity to provide unique, creative and valuable perspectives to a technologically evolving industry while still maintaining benefits of economies-of-scale of larger and mid-sized companies to the benefit of innovation across-the-board. Instead it repudiated legitimate efforts of viable independent small business bidders by summarily denying their offers in favor of bidders with relationships with the seller and broker.

The continued rejection of major companies to promote independent small business ownership, in the face of public declarations by Verizon and others to do so, particularly in an economic climate in which opportunities for small businesses are extremely limited, fosters an environment of exclusion. By implementing impediments and disingenuously encouraging small independent businesses to participate in the Verizon divestiture bidding process, Verizon and Morgan Stanley hindered public interests of diversity of ownership in an industry that is 90% owned and controlled by four companies. It sent a message to small independent businesses that their substance, experience and efforts to compete legitimately for ownership opportunities through the expenditure of valuable time and resources, that are less expendable to them than their mega competitors, are not the tools necessary to be considered seriously, regardless of public declarations to the contrary.

Therefore, pursuant to Commission rules, I would ask you to designate for hearing a review of the circumstances of this transaction, particularly Verizon's process for selecting AT&T and ATN, including issues surrounding the transfer of Centennial Communications properties and the conflict-of-interest posed by Morgan Stanley's investment in ATN, and request a full Commission vote if the matters enumerated in this correspondence are not adequately addressed prior to the conclusion of this process.

Thank you for your attention to this matter. I look forward to your response.

Sincerely,



Danny K. Davis
Member of Congress

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